STRATEGIC PLANNING AND PARTNERING: BUYOUTS AND ACQUISITIONS

C. Michael Dishman
Vice President
INPUT

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REVISITING TRADITIONAL ACQUIRERS

ADP
Computer Associates Int'l
Computer Sciences Corporation
Control Data Corporation
Informatics General
MSA
Monchik Weber
Planning Research Corp.
Sterling Software
UCCEL

Bank of America
Computervision
Computer Task Group
EDS
Martin Marrietta
McDonnell Douglas Corp.
National Data Corp.
Policy Mgt. Systems
Tymshare
Xerox

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REVISITING

RECENT ACQUISITIONS

- EDS
- Informatics General
- Monchik Weber
- Tymshare

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REVISITING NON-TRADITIONAL COMPETITORS

Dun & Bradstreet	Ameritech
McGraw-Hill	Schlumberger
U.S. West	Bechtel
Weyerhaueser	Citicorp
MTech	Mellon Bank
Burroughs	Borg Warner
Contel	American Express
McKesson	H&R Block
Dow Jones	Diebold/Travelers

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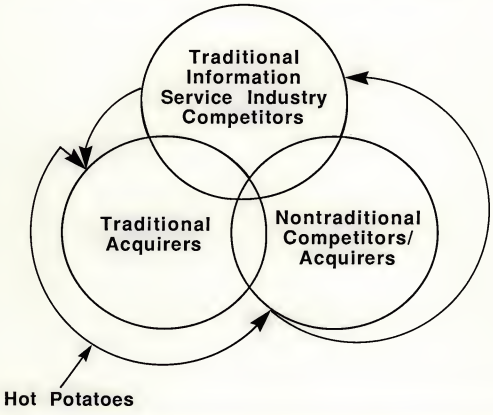
REVISITING
THE INDUSTRY HAS CHANGED



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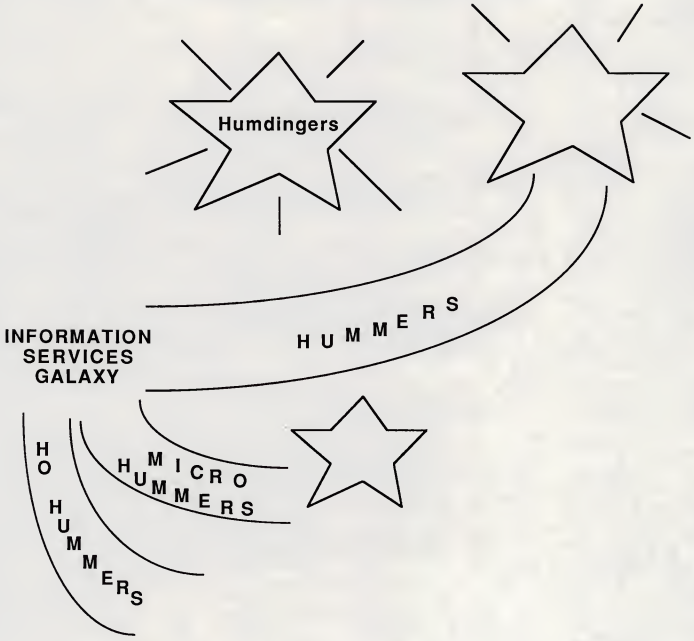
REVISITING

AND STILL IS . . . CHANGING



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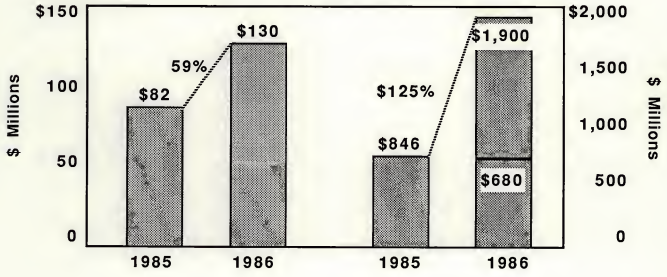
REPOSITIONING

MERGER/ACQUISITION FIRST SIX MONTHS 1985-1986



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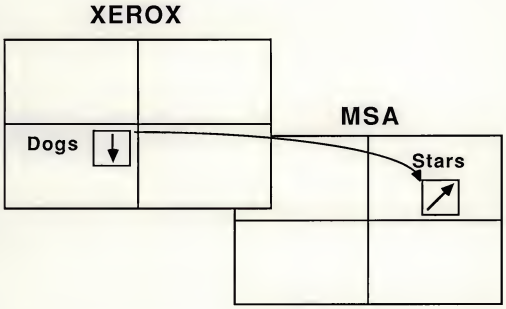
REPOSITIONING

DIVESTURES



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REPOSITIONING

THE REBOUND

- GTE
- Comshare
- GEISCO
- Xerox

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REPOSITIONING

THE OUTLET PASS

- Boeing Computer Services
- Computer Sciences
- U.S. West

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REPOSITIONING

THE SLAM DUNK

- ADP
- Computer Task Group
- Shared Medical
- First Financial Management

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REPOSITIONING

THE IMPACT PLAYER

- Strategic Purpose
- Market Focus
- Gain Segment Dominance
- Market Image
- Posture for the Future-Planning

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REACTING

BUY, ALLY, or DIE

- Product Life Cycle Presure
- Development Cost
- Development Lead Time
- Competitive Market
- Shifts in Business Mix

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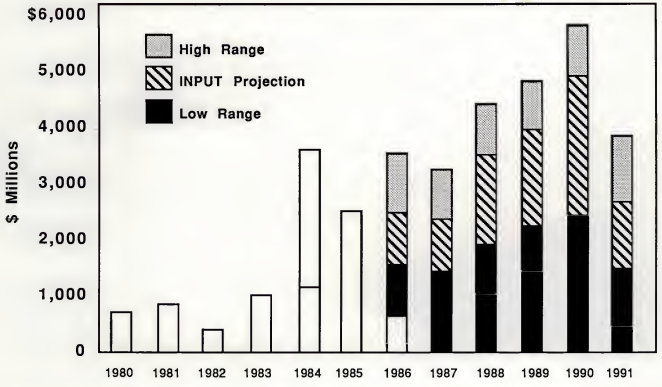
REACTING

MERGER/ACQUISITION OUTLOOK



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REACTING

THE PROCESSING/NETWORK SERVICES TARGET

COMPANY	PROBABILITY	COST	VALUE
ADP	VL	VH	VH
Anacomp	M	H	H
Comdata Network	H	H	H
National Data Corp.	M	H	H
SEI	L	VH	VH
Shared Medical	M	VH	H
Systematics	H	H	H
Telecredit	M	H	M
Telerate	L	VH	VH

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REACTING

THE PROFESSIONAL SERVICES TARGETS

COMPANY	PROBABILITY	COST	VALUE
AGS Computer	M	H	M
American Mgt.	M	H	H
BDM Int'l	H	VH	M
BBN	M	H	H
CSC	L	VH	H
Computer Task	H	H	H
Logicon	H	H	H
PRC	L	VH	VH
Syscon	L	M	M

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REACTING

THE SOFTWARE PRODUCTS TARGETS

COMPANY	PROBABILITY	COST	VALUE
Ashton Tate	L	H	M
Computer Assoc.	M	VH	VH
Cullinet	M	H	M
Lotus	L	VH	H
MSA	H	H	H
Microsoft	L	VH	H
Policy Mgt.	M	H	VH
Sterling	L	H	M
UCCEL	L	VH	M

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REACTING

THE TARGETS

- Only a Few Good Strategic Candidates
- Most Would Be "Projects"
- Few, if Any, Blockbuster Deals
- Few Would Satisfy Emerging Needs
- The Targets Will Be Active Acquirers

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REACTING

THE DEALS

- Candidates in the $15 to 50 Million Sales Range
- Vertical Expertise
- Further Consolidation
- Higher Prices
- Less Cash - More Earned Buyouts - Over More Time

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RESPONDING

- Know your Markets
- Set Segment Dominance as the Objective
- Improve Competitive Knowledge
- Make a Real Strategic Plan
- Acquire for Strategic Purpose

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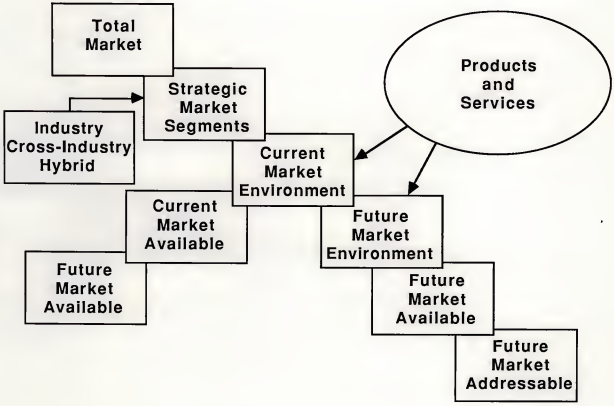
MARKET BREAKDOWN STRUCTURE



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RESPONDING

STRATEGIC SEGMENTATION

- Understand the Segment(s) Needs
- Get Products and Services that Satisfy the Need Including the Non-Traditional
- Package and Price for the Segment -Uniquely
- Develop Distribution Strategies for the Segment
- Look for Vertical Integration

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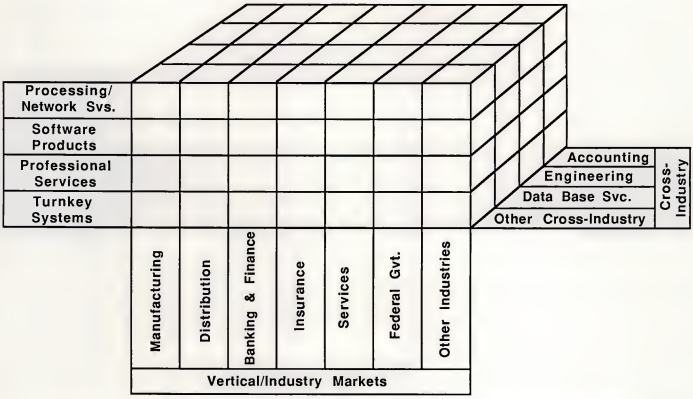
STRATEGIC MARKETING SEGMENTATION



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RESPONDING

STRATEGIC ACQUISITION

- Restate the Reason and Acquisition Fits the Plan
- Profile Potential Candidates
  - To the Plan
  - To the Company
  - To the Company Need
- Look at Companies that Are Not for Sale
- Consider a "MOSAIC"
  - Hit Some Singles
- Vertical Integration Is the Objective

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RESPONDING

CRITICAL SUCCESS FACTORS

- Strategic Market Planning
- Value Added Solutions
- Marketing/Distribution

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RESPONDING

CRITICAL SUCCESS FACTORS
MARKETING

- Strategic Segments
- Strategic Customer Sets
- Responsive Products & Services
- Packages & Priced for the Customer Set
- Targeted Promotion and Posture
- Distribution Strategy By Target Element
- Support and Develop the Customer

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RESPONDING

VERTICAL INTEGRATION

- Traditional Products and Services
- Information Providers
- Telecommunications Providers
- Other Business Services
- Extended Presence

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RESULTS

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REVISITING HOT POTATOES

- Zytron
- NCSS
- Dun & Bradstreet
- Anacomp
- Arista
- Xerox
- MSA
- WUI
- MCI

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REACTING CHART PROJECTING THE ACQ. FERVOR THRU 1991

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REVISITING
OTHER HUMDINGERS

- American Can
- RBOCS according to Paine Weber
- Future Computing/Gnostic Concepts
- Contel
- United Telecommunications
- Exxon
- Schlumberger

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REVIEWING HUMMERS

- ADP
- Computer Associates
- CyCare
- MTech
- National Data Corp.
- Anacomp
- Cullinet
- First Financial
- Mellon Bank
- Policy Mgt.

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REVISITING MICRO HUMMERS

- MSA
- ASK
- Computer Associates

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REVIEWING HO HUMMERS

- Lockheed
- Security Pacific Automation
- American Can
- Mead Data Central

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1986 BROADVIEW STATISTICS:

DISCUSS BIG TRANSACTIONS

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REPOSITIONING

RECENT DISVESTITURES

Anacomp	Bank of America
Computer Sciences Corp.	Computer Task Group
Control Data Corporation	MSA
McDonnel Douglas Corporation	Sterling Software
UCCEL	Xerox

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